International Labour Conference
86th Session 1998

Report II

Information concerning the Programme and Budget for 1998-99 and other financial and administrative questions

International Labour Office Geneva

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Second item on the agenda: Programme and budget proposals and other financial questions

International Labour Office Geneva

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Preface

1. This report comprises, in addition to material submitted for information, a number of items requiring action by the Conference. Any other items which may arise after the publication of this report and which also call for action by the Conference will be submitted to the participants through the *Provisional Record*.

2. The items requiring action are:

(a) Financial Report and Audited Financial Statements for 1996-97, which is published in a separate document available to Conference participants;

(b) scales of assessment of contributions to the budget for 1999;

(c) amendments to the Financial Regulations; and

(d) composition of the Administrative Tribunal of the International Labour Organization.

3. Details of these items are set out in the following pages of this report.

4. Information concerning programme implementation in 1996-97 is contained in the report of the Director-General, under item I of the Conference agenda.

Contents

Preface iii

Financial and administrative questions 1

I. Financial Report and Audited Financial Statements for 1996-97 1

II. Scales of assessment of contributions to the budget for 1999 2

III. Amendments to the financial regulations 3

IV. Composition of the Administrative Tribunal of the International Labour Organization 4

Annexes

Annex 1. Report of the Government members of the Committee on Allocations Matters (GB.271/10/3) 5

Annex 2. Amendments to the Financial Regulations: Additional terms of reference governing external audit (GB.271/PFA/7/1) 15

Financial and administrative questions

I. Financial Report and Audited Financial Statements for 1996-97

In accordance with articles 28 and 29 of the Financial Regulations, the International Labour Conference will be called upon to adopt the Financial Report and Audited Financial Statements for 1996-97 after their examination by the Governing Body. The Financial Report and Audited Financial Statements comprise the Director-General's financial report and audited financial statements covering the regular budget, the Working Capital Fund, and the special funds and extra-budgetary accounts administered by the Organization, including the accounts of the International Institute for Labour Studies, the accounts for the United Nations Development Programme and the various other technical cooperation accounts, including trust and accounts. The report and the statements for 1996-97, together with the Auditor's report, will be communicated to Members as a separate document. The Governing Body's recommendation as to the adoption of the Director-General's report and the audited statements will be communicated to the Conference in a separate document to the Finance Committee of Government Representatives.

II. Scales of assessment of contributions to the budget for 1999

1. At its 271st Session (March 1998), the Governing Body decided, on the recommendation of the Government members of the Programme, Financial and Administrative Committee, [1] to propose to the Conference that the adoption of the scales of assessment for 1999 be deferred to the 86th Session of the International Labour Conference, and that the Government members meet by delegation of the Governing Body to prepare a draft scale of assessments for 1999 during the Conference and submit it directly to the Finance Committee of Government Representatives.

2. It will be for the Finance Committee of Government Representatives to consider the draft scale of assessments for 1999 and to make appropriate proposals to the Conference.

[1] Report of the Government members of the Committee on Allocations Matters (GB.271/10/3), reproduced as Annex 1 to this report.

III. Amendments to the financial regulations

At its 271st Session (March 1998), the Governing Body, on the recommendation of the Programme, Financial and Administrative Committee (see annex 2 to this report), approved amendments to the appendix to the Financial Regulations entitled "Additional terms of reference governing external audit", and decided to submit the following draft resolution to the Conference at its 86th Session (June 1998).

The General Conference of the International Labour Organization:

Decides to amend the additional terms of reference governing external audit as set out in the appendix to the Financial Regulations by replacing paragraph 5 of that appendix by the following text:

"5. The external auditor shall express and sign an opinion on the financial statements of the Organization. The opinion shall include the following basic elements:

(a) the identification of the financial statements audited;

(b) a reference to the responsibility of the entity's management and the responsibility of the auditor;

(c) a reference to the audit standards followed;

(d) a description of the work performed;

(e) an expression of opinion on the financial statements as to whether:

- ***the financial statements present fairly the financial position as at the end of the period and the results of the operations for the period;***
- ***the financial statements were prepared in accordance with the stated accounting policies; and***
- ***the accounting policies were applied on a basis consistent with that of the preceding financial period.***

(f) an expression of opinion on the compliance of transactions with the Financial Regulations and legislative authority;

(g) the date of the opinion;

(h) the external auditor's name and position; and

(i) should it be necessary, a reference to the report of the external auditor on the financial statements."

IV. Composition of the Administrative Tribunal of the International Labour Organization

1. Under article III, paragraph 2, of the Statute of the Administrative Tribunal of the International Labour Organization, judges are appointed for a period of three years by the Conference. The composition of the Tribunal is currently as follows:

Judges: Mr. Michel Gentot (France), President: term of office expires in July 1998;

Ms. Mella Carroll (Ireland), Vice-President: term of office expires in July 1999;

Mr. Julio Barberis (Argentina): term of office expires in July 1998;

Mr. Seydou Ba (Senegal): term of office expires in July 2000;

Mr. Jean-François Egli (Switzerland): term of office expires in July 1998;

Mr. Mark Fernando (Sri Lanka): term of office expires in July 1998;

Mr. James K. Hugessen (Canada): term of office expires in July 2000.

2. At its 271st Session (March 1998), the Governing Body, on the recommendation of the Programme, Financial and Administrative Committee, decided to propose to the Conference at its 86th Session (June 1998) that:

(a) it renew the terms of office of Mr. Michel Gentot (France), Mr. Julio Barberis (Argentina) and Mr. Jean-François Egli (Switzerland) as judges for a period of three years;

(b) in view of the doubt expressed by Mr. Mark Fernando (Sri Lanka) regarding his availability in the near future, it extend his term of office as judge for a period of one year; and

(c) it adopt a resolution in the following terms:

The General Conference of the International Labour Organization:

Decides, in accordance with article III of the Statute of the Administrative Tribunal of the International Labour Organization, to renew the terms of office of Mr. Michel Gentot (France), Mr. Julio Barberis (Argentina) and Mr. Jean-François Egli (Switzerland) as judges for a period of three years, and to extend the term of office of Mr. Mark Fernando (Sri Lanka) as judge for one year.

INTERNATIONAL LABOUR OFFICE

Governing Body

GB.271/10/3
271st Session

Geneva, March 1998

TENTH ITEM ON THE AGENDA

Reports of the Programme, Financial and Administrative Committee

Report of the Government members of the Committee on Allocations Matters

1. The Government members of the Programme, Financial and Administrative Committee of the Governing Body met on 17 March 1998 under the chairmanship of Mr. L. Joublanc, Chairman of the Government group, who acted as Reporter.

Scales of assessment of contributions to the budget for 1999

(First item on the agenda)

2. The Government members considered a paper[2] recommending a draft scale of assessments for ILO member States for 1999. In common with past practice, this was based on the latest rates of assessment for ILO member States in the United Nations scale of assessment of contributions.

3. The representative of the Government of the United States proposed a replacement for the decision paragraph contained in the Office paper (the replacement was circulated to members and is reproduced as an appendix to this report). The effect of this amended decision paragraph was to recommend to the Governing Body that it put forward a proposal to the 1998 Conference to apply a scale of assessments for 1999 which would take into account any revisions to the 1999 United Nations scale of assessments decided before the end of 1998.

4. The United States had recently paid to the ILO the full amount of its 1997 contribution, some 84 million Swiss francs. The Administration, as well as making a priority of legislation for the payment of arrears owed to international organizations, was also asking Congress for a voluntary contribution of US$20 million for the International Child Labour Programme (IPEC).

5. The United States fully supported the aims and ideals of the ILO and it asked other member States to give their support for the new decision paragraph.

[2] GB.271/PFA/GMA/1.

As noted in paragraph 4 of the Office paper, in December 1997 the UN General Assembly had made a number of changes to its scale of assessments for the period 1998-2000. As part of its decision it left open the possibility of lowering the maximum assessment rate of 25 per cent paid by the United States provided that progress was made on the payment of its arrears.

6. A Bill for the payment of arrears to the UN and other international organizations was currently before Congress and would probably be voted on in April or early May. The General Assembly had indicated that, if the Bill was passed, it could start in mid-May to reconsider the UN scale of assessments for member States, beginning perhaps with a request to the UN Committee on Contributions for a report on changes to the scale if the maximum assessment rate was reduced from 25 to 22 per cent. The ILO Conference in June 1998 would then know whether funding for arrears had been approved and would also have some information on the likely outcome of General Assembly discussions in December 1998 on changes to the scales of assessment for 1999 and 2000.

7. The proposal contained in the replacement decision paragraph was fully in line with the principle of harmonization because, if the UN did not approve a change, there would be no change to the ILO scale for 1999. The proposal was based on the approach taken by FAO, an organization similar in size to the ILO, and it should be adopted because it would give the ILO the flexibility to take account of what happened right up to the Conference in June 1998.

8. The representative of the Government of the Islamic Republic of Iran recalled that, because the UN and the ILO fixed their scales of assessment for different periods, it was not possible to give full effect to the principle of harmonization of scales between the two organizations. This had resulted in over-assessments in 1998 for several member States, including his own. It would be more in keeping with the principle of harmonization if the ILO scale for a particular year was decided after the UN had fixed its own scale for that year.

9. The representative of the Government of the United Kingdom expressed support for the original recommendation in the Office paper. As previous speakers had mentioned, scales of assessment in the specialized agencies should continue to reflect the UN scale in line with the long established principle of harmonization. However, there should be no automatic changes to the ILO scale until the question of arrears had been resolved in New York and satisfactory guarantees were in place concerning the payment of arrears. On 22 December 1997 in New York, the President of the European Union stated that it would only agree to reopen discussions on the scales of assessment after the United States had adopted legally binding provisions enabling it to clear its arrears in full and to respect its financial obligations under the UN Charter, and the possible entry into force of any revised scale should not take place before payment of the amounts owed had been made and received. The United Kingdom Government continued to support that view, but in the interests of compromise would agree to a formulation similar to that adopted at the WHO, in which the Director-General could be asked to report to the International Labour Conference on any changes agreed to the UN scale and their earliest comparable application to the ILO. This would give the flexibility that the United States had asked for in terms of allowing the Conference to decide that the 1999 ILO scale should reflect changes agreed beforehand to the UN scale, and it

would not rule out a Conference decision that the 1999 scale could also include subsequent changes in the UN scale agreed before the end of 1998.

10. The representative of the Government of the Russian Federation asked whether the document before the Committee was intended to respond to the resolution passed at the 1997 Conference. In that resolution the Director-General was asked to report, through the Governing Body, to the June 1998 Conference on changes to the UN scale adopted at the 52nd Session of the General Assembly, and on all the implications for the ILO. This information, which should include a comparison between the actual ILO scale for 1998, adopted in June 1997, and an ILO scale based on the UN scale for 1998, was missing from the present document. Many countries were being penalized by the failure to apply the principle of full harmonization and this comparative analysis should be provided by the Office as soon as possible.

11. The representative of the Government of India expressed support for the point for decision in the Office paper. The amendment proposed by the United States representative would create administrative and financial problems for countries whose budgets were fixed before the UN scale was decided. The problem described by the representative of the Government of the Islamic Republic of Iran was, however, a different issue, and a long-term solution should be found.

12. The representative of the Government of Argentina also expressed support for the original point for decision in the Office paper. The amendment put forward by the United States representative appeared to be in conflict with the ILO Financial Regulations. She expressed support for the recommendation put forward by the United Kingdom representative that the Director-General be asked to report to the Conference in June 1998 on any changes to the UN scale agreed up to that point and their earliest comparable application to the ILO. The suggestion that the ILO should change a scale adopted by the Conference because of a later decision taken in the UN was also incompatible with the ILO Financial Regulations and should not be pursued.

13. The representative of the Government of Slovakia shared the view of the Iranian representative concerning the principle of full harmonization of the UN and ILO scales of assessment and agreed that a long-term solution to the problem should be found. Admittedly, this problem surfaced only from time to time because of the different periods for which the UN and ILO scales were fixed, but it still created difficulties for many member States. A long-term solution would not be found immediately and in the meantime he supported the suggestion put forward by the United Kingdom representative that the matter should be taken up again at the June 1998 Conference.

14. The representative of the Government of Canada stated that she would prefer the Committee to take decisions based on fact rather than supposition. There were likely to be further developments within the next few months on possible changes to the UN scale of assessments and on the settlement of arrears by the United States, and it would be premature to express support for the amended point for decision at this stage. She favoured the proposal put forward by the United Kingdom representative, which in any case was in line with the decision of the 1997 Conference requesting the Director-General to report to the 1998 Conference on changes to the UN scale of assessments and the implications for the ILO.

15. The representative of the Government of the United States said that the Committee was in essentially the same position as it was 12 months ago when it was considering a draft scale of assessments for 1998. As a compromise the views expressed so far could be summarized by making minor changes to the point for decision considered in March 1997. The text of the new decision paragraph would then read as follows:

> The Government members of the Programme, Financial and Administrative Committee recommend to the Governing Body that the adoption of the scale of assessments for 1999 be deferred to the 86th Session of the International Labour Conference, and that they meet by delegation of the Governing Body to prepare a draft scale of assessments for 1999 during the Conference, taking into account any relevant developments which may take place at the 52nd and 53rd Sessions of the United Nations General Assembly, and to submit it direct to the Finance Committee of Government Representatives of the Conference.

He hoped that this formulation would be acceptable to other members.

16. The representative of the Government of the Russian Federation said that the information requested by the 1997 Conference was extremely important and asked when it would be made available to this Committee.

17. The representative of the Government of the Islamic Republic of Iran agreed with the request of the previous speaker. This information would show clearly the consequences of not applying the principle of full harmonization and would help the Committee in its efforts to find a long-term solution to this problem.

18. The representative of the Government of Panama agreed that the information requested by the representative of the Russian Federation would be of great value to the Committee in its consideration of this problem.

19. The representative of the Director-General (the Treasurer and Financial Comptroller) said that the difficulty of following the principle of full harmonization of scales was a longstanding problem in the ILO and the other specialized agencies. It was true that all had agreed to harmonize their scales as much as possible with the UN scale, which was fixed for a period of three years, but the timing of the meetings of their legislative bodies was such that they could not always take the latest UN scale into account. This was the situation in the ILO. Under the Financial Regulations, the Conference fixed a scale of assessments upon the recommendation of the Governing Body, but since the Conference took place in June it could not take into account subsequent decisions in the UN concerning the scale of assessments for the following year. The differences between the UN and ILO scales had not been such an acute problem in the past because changes in the UN scale had been more gradual than those of recent years.

20. The Conference resolution referred to in paragraph 3 of the Office paper was not easy either to comprehend or to implement because the Office was being asked to take account of very divergent views. The Director-General was requested to take into account the provisions of the Constitution and the Financial Regulations, which provided that it was the responsibility of the Conference to fix the scale of assessments for apportioning the total amount of the budget among member States and that as soon as possible after the Conference each year the Director-General was to advise each member State of its contribution due for the following year. When this matter was discussed in the Finance Committee at the

1997 Conference several member States said that there was no question whatsoever of reopening the 1998 scale of assessments once it was adopted by the Conference, and the Legal Adviser would no doubt confirm that it was not possible legally to do so.

21. In reply to the question put by the representative of the Russian Federation concerning the information requested by the 1997 Conference, a comparative analysis of the ILO scale of assessments for 1998 could be given either later during the present session of the Governing Body or during the 1998 Conference, if the Committee decided to defer its discussion on the ILO scale of assessments for 1999 until then.

22. The representative of the Government of the Russian Federation said that the comparative analysis should show not only which ILO member States were underpaying or overpaying by comparison with the United Nations scale, but also possible solutions to the problem so as to give some relief to member States which were overpaying in 1998. There would probably not be sufficient time for the Office to carry out this analysis during the present session of the Governing Body.

23. The Treasurer said that a statistical analysis comparing the actual ILO scale for 1998 with an ILO scale based on the UN scale for 1998 could easily be provided to the Committee during the present session of the Governing Body. However, much more time would be needed to look at possible long-term solutions, which would include a consideration of complex issues such as, for example, a possible rescheduling of the Conference and the consequences of doing so.

24. The representative of the Government of the Islamic Republic of Iran said that the comparative analysis and suggestions on how to implement a policy of full harmonization were important matters. The Office should take whatever time was necessary to prepare this information, but ideally it should be available for the 1998 Conference.

25. The representative of the Government of Slovakia asked whether a change to the ILO Financial Regulations would be required if it was decided that changes to the UN scale of assessments should be introduced immediately in the ILO.

26. The Treasurer said that decisions in the UN on its scale of assessments were taken very late in the year, and if changes were to be immediately reflected in the ILO scale some amendments to the ILO's Financial Regulations would be inevitable and the timing of the Conference and the Governing Body might also be reviewed.

27. The representative of the Government of the Russian Federation said that of the three other specialized agencies comparable in structure and size to the ILO, namely WHO, FAO and UNESCO, the last two appeared to have already found a solution to the problem of full harmonization. It would seem that the Office lacked the will to make progress on this question.

28. The Chairman said that from the discussion so far there seemed to be a consensus developing in favour of reconsidering this matter at the 1998 Conference, at which time the Office would have prepared a paper containing the comparative statistical analysis and the possible long-term solutions referred to by members. He asked members for comments on this suggestion.

29. The representative of the Government of Canada remarked that it would be consistent with previous decisions by both the Governing Body and the Conference to consider the ILO scale of assessments for 1999 at the June 1998 Conference. The comparative analysis of ILO scales of assessment for 1998 and long-term solutions to the problem of full harmonization between UN and ILO scales were clearly important to several member States, and a consideration of these issues could also be taken up at the June 1998 Conference.

30. The representative of the Government of Egypt agreed with the comments of the previous speaker, and hoped that a final solution of the latter two points would be reached at the June Conference.

31. The representative of the Government of France supported the views put forward by the representative of Canada.

32. The representative of the Government of Argentina also supported the Canadian proposal. For the information of the Committee, she stressed that the FAO decision taken in November 1997 concerned the adoption of scales for 1998 and 1999, but the scale for 1998 was not subject to retroactive adjustment.

33. The representative of the Government of Poland expressed support for the proposal put forward by the representative of Canada.

34. The representatives of the Governments of China, Turkey, Brazil, Japan and Germany also agreed that discussion on this matter should continue at the June 1998 Conference.

35. The Chairman proposed a short recess so that the Office could prepare an amended point for decision to take into account the views expressed by Committee members, and upon resumption invited the Treasurer to read out the new point for decision.

36. The Treasurer then read to the meeting the text of the point for decision contained in paragraph 38 below.

37. The representative of the Government of the United States expressed support for the amended text. This was an important issue for the ILO and decisions taken at the Conference in June should be flexible enough to accommodate possible developments at the UN General Assembly in New York. In the view of the United States Government this decision left open the possibility that the Conference could decide to adopt a scale of assessment for 1999 based on a future decision taken by the UN General Assembly prior to the end of 1998.

38. ***The Government members of the Programme, Financial and Administrative Committee recommend to the Governing Body:***

(a) that the adoption of the scale of assessments for 1999 be deferred to the 86th Session of the International Labour Conference, and that they meet by delegation of the Governing Body to prepare a draft scale of assessments for 1999 during the Conference, taking into account any relevant developments which may take place and to submit it direct to the Finance Committee of Government Representatives at the Conference;

(b) that on this occasion the Office provide full details of the 1998 UN scale of contributions as compared with the ILO scale for 1998;

(c) that the Office also make proposals as to possible methods of avoiding or remedying discrepancies in the ILO scale as compared with the UN scale of contributions.

Procedure for the possible continuation of the work of the Government members of the Programme, Financial and Administrative Committee in relation to allocation matters during the International Labour Conference

39. The Government members considered a paper [3] describing the procedure to be followed if the Government members of the Committee were required to meet during the 86th (June 1998) Session of the Conference.

40. ***The Government members recommend to the Governing Body that they be authorized to continue their work, if necessary, after the Governing Body has concluded its work at this (271st) Session and to submit their report direct to the Finance Committee of Government Representatives at the Conference.***

Geneva, 24 March 1998.

(Signed) L. Joublanc,
Reporter.

Points for decision: Paragraph 38;
Paragraph 40.

[3] GB.271/PFA/GMA/2.

Appendix

Scales of assessment of contributions to the budget for 1999

Proposal by the Government of the United States of America

The Government of the United States proposes that decision paragraph 7 of document GB.271/PFA/GMA/1 be replaced by the following text (additions underlined):

7. The Government members may wish to recommend to the Governing Body that, in accordance with the established practice of harmonizing the rates of assessment of ILO member States with their rates of assessment in the United Nations and noting that there is a possibility that the United Nations scale of assessments for 1999 may be revised,

(a) it base the ILO scale of assessment for 1999 on the UN scale for the same year and that it accordingly propose to the Conference the adoption of the draft scale of assessment as set out in column 3 of the appendix to this paper, subject to (b) below as well as to such adjustments as might be necessary following any further change in the membership of the Organization before the Conference is called upon to adopt the recommended scale;

(b) if the United Nations General Assembly adopts a revised scale of assessments for 1999 prior to 31 December 1998, the scale referred to under (a) above shall be replaced by a modifed scale of assessments of contributions for the ILO for the year 1999 which shall be derived by the Director-General from the said UN scale by applying the established principles for adjusting the ILO scale of assessments to take into account differences in membership between the United Nations and the ILO.

INTERNATIONAL LABOUR OFFICE

Governing Body

GB.271/PFA/7/1
271st Session

Geneva, March 1998

Programme, Financial and Administrative Committee

PFA

SEVENTH ITEM ON THE AGENDA

Other financial and general questions

Amendments to the Financial Regulations: Additional terms of reference governing external audit

1. The Financial Regulations of organizations in the United Nations system contain an appendix entitled "Additional terms of reference governing external audit", which, in paragraph 5, sets out the elements that should be included in the audit opinion.

2. The Chairman of the United Nations Panel of External Auditors addressed a letter on 15 January 1997 to the United Nations Secretary-General, in his capacity as Chairman of the Administrative Committee on Coordination (ACC), to convey a suggested revision throughout the United Nations system to the wording of the audit opinion which is reflected in the additional terms of reference governing external audit in the respective Financial Regulations of the organizations.

3. The revised text is intended to reflect the requirements of the International Federation of Accountants' (IFAC) International Standard on Auditing No. 13, which covers the auditor's report on the financial statements. These requirements add four new elements to the existing form of the audit opinion:

- reference to the Director-General's responsibility for the financial statements and to the external auditor's responsibility for expressing an opinion on those statements;
- an explanation of the auditing standards followed and of what the audit includes;
- two separate opinions, one covering the fair presentation of the financial statements and the second covering compliance with the Financial Regulations and legislative authority; and
- a cross-reference to the external auditor's long-form report where appropriate.

The proposed revised text respects the substance of the additional terms of reference of the Financial Regulations governing the audit of the United Nations organizations.

4. At its 78th Session in August 1997, the Consultative Committee on Administrative Questions (Financial and Budgetary) (CCAQ(FB)), on behalf of the

ACC, reviewed the Panel's proposed revision of the additional terms of reference governing external audit. CCAQ(FB) members accepted the proposed text and stated that they would be taking steps, as appropriate, to initiate any necessary changes to their financial regulations to effect the revision. In October 1997 the Under-Secretary-General for Management of the United Nations conveyed this position of the CCAQ(FB) to the Chairman of the United Nations Panel of Auditors.

5. ***The Programme Financial and Administrative Committee may therefore wish to recommend to the Governing Body that it approve the amendments to the Financial Regulations set out in the Appendix to this paper and submit the following draft resolution for adoption by the Conference at its next session:***

The General Conference of the International Labour Organization:

Decides to amend the additional terms of reference governing external audit as set out in the appendix to the Financial Regulations by replacing paragraph 5 of that appendix by the following text:

"5. The external auditor shall express and sign an opinion on the financial statements of the Organization. The opinion shall include the following basic elements:

(a) the identification of the financial statements audited;

(b) a reference to the responsibility of the entity's management and the responsibility of the auditor;

(c) a reference to the audit standards followed;

(d) a description of the work performed;

(e) an expression of opinion on the financial statements as to whether:

— the financial statements present fairly the financial position as at the end of the period and the results of the operations for the period;

— the financial statements were prepared in accordance with the stated accounting policies; and

— the accounting policies were applied on a basis consistent with that of the preceding financial period.

(f) an expression of opinion on the compliance of transactions with the Financial Regulations and legislative authority;

(g) the date of the opinion;

(h) the external auditor's name and position; and

(i) should it be necessary, a reference to the report of the external auditor on the financial statements."

Geneva, 11 February 1998.

Point for decision: Paragraph 5.

Appendix

Amendments to the appendix to the Financial Regulations of the International Labour Organization

(Additions are shown in bold type; deletions are indicated by square brackets)

Additional terms of reference governing external audit

...

[5. The external auditor shall express and sign an opinion in the following terms: "I have examined the financial statements numbered ... to ... and relevant schedules of the Organisation for the financial period ended 31 December .... My examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as I considered necessary in the circumstances." The external auditor's opinion shall state, as appropriate, whether:

(a) the financial statements present fairly the financial position as at the end of the period and the results of the operations for the period;

(b) the financial statements were prepared in accordance with the stated accounting principles;

(c) the accounting principles were applied on a basis consistent with that of the preceding financial period;

(d) transactions were in accordance with the Financial Regulations and legislative authority.]

5. The external auditor shall express and sign an opinion on the financial statements of the Organization. The opinion shall include the following basic elements:

(a) the identification of the financial statements audited;

(b) a reference to the responsibility of the entity's management and the responsibility of the auditor;

(c) a reference to the audit standards followed;

(d) a description of the work performed;

(e) an expression of opinion on the financial statements as to whether:

- **the financial statements present fairly the financial position as at the end of the period and the results of the operations for the period;**
- **the financial statements were prepared in accordance with the stated accounting policies; and**
- **the accounting policies were applied on a basis consistent with that of the preceding financial period.**

(f) an expression of opinion on the compliance of transactions with the Financial Regulations and legislative authority;

(g) the date of the opinion;

(h) the external auditor's name and position; and

(i) should it be necessary, a reference to the report of the External Auditor on the financial statements.

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